

As Amended by Senate Committee

Session of 2005

SENATE BILL No. 128

By Committee on Ways and Means

1-28

10 AN ACT concerning taxation; relating to mineral severance tax; dispo-
11 sition of revenue; creating the oil and gas valuation depletion trust fund
12 and providing for distribution of moneys therefrom; amending K.S.A.
13 2004 Supp. 79-4227 and repealing the existing section.
14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 2004 Supp. 79-4227 is hereby amended to read as
17 follows: 79-4227. (a) All revenue collected or received by the director
18 from the tax imposed by this act shall be remitted to the state treasurer
19 in accordance with the provisions of K.S.A. 75-4215, and amendments
20 thereto. Upon receipt of each such remittance, the state treasurer shall
21 deposit the entire amount in the state treasury. The state treasurer shall
22 first credit such amount as the director shall order to the mineral pro-
23 duction tax refund fund created under subsection (b) of this section. *Ex-*
24 *cept as otherwise provided by this section*, the state treasurer shall credit
25 the remainder of such amounts as follows: (1) Seven percent to the special
26 county mineral production tax fund created under subsection (c) of this
27 section; and (2) the remainder shall be credited to the state general fund.
28 *On and after July 1, 2008, and thereafter, the state treasurer shall credit*
29 *the remainder of such amounts for oil and gas for any county which in*
30 *fiscal year 2005 or any fiscal year thereafter had \$100,000 or more in*
31 *receipts of the excise tax upon the severance and production of oil and*
32 *gas as follows: (1) Seven percent to the special county mineral production*
33 *tax fund created under subsection (c); (2) 4.96% from July 1, 2008,*
34 *through June 30, 2009, to the oil and gas valuation depletion trust fund;*
35 *7.44% from July 1, 2009, through June 30, 2010, to the oil and gas val-*
36 *uation depletion trust fund; 9.93% from July 1, 2010, to June 30, 2011,*
37 *to the oil and gas valuation depletion trust fund; and 12.41% from July*
38 *1, 2011, and thereafter, to the oil and gas valuation depletion trust fund;*
39 *and (3) the remainder shall be credited to the state general fund.*

40 (b) A refund fund designated as “mineral production tax refund fund”
41 not to exceed \$50,000 is hereby created for the prompt payment of all
42 tax refunds. The mineral production tax refund fund shall be in such
43 amount, within the limit set by this section, as the director shall determine

1 is necessary to meet current refunding requirements under this act.

2 (c) There is hereby created a special county mineral production tax
3 fund. On December 1, 1983, and quarterly thereafter, the director of
4 taxation shall distribute all moneys credited to such fund to the county
5 treasurers of all counties in which taxes were levied under K.S.A. 79-
6 4217, and amendments thereto, for the severing and producing of coal,
7 oil or gas from property within the county, in the proportion that the taxes
8 levied upon production in each county bears to the total of all of such
9 taxes levied in all of such counties. Such distribution shall be based on
10 returns filed, with any adjustments or corrections thereto made by the
11 director of taxation.

12 (d) The secretary of revenue shall make provision for the determi-
13 nation of the counties within which taxes are levied under K.S.A. 79-4217,
14 and amendments thereto, for the severance of coal, oil or gas and shall
15 certify the same to the director of accounts and reports.

16 (e) The director of accounts and reports shall draw warrants on the
17 state treasurer payable to the county treasurer of each county entitled to
18 payment from the special county mineral production tax fund upon
19 vouchers approved by the director of taxation. Upon receipt of such war-
20 rant, each county treasurer shall credit 50% of the amount thereof to the
21 county general fund and shall distribute the remaining 50% thereof to
22 the treasurer of each school district all or any portion of which is located
23 within the county in the proportion that the assessed value of coal, oil
24 and gas properties within each district bears to the total of the assessed
25 value of all coal, oil and gas properties within the county. Such assessed
26 valuation shall be determined upon the basis of the most recent Novem-
27 ber 1 tax roll. The treasurer of each school district shall credit the entire
28 amount of the moneys so received to the general fund of the school
29 district.

30 New Sec. 2. (a) There is hereby created in the state treasury the oil
31 and gas valuation depletion trust fund. The director of taxation shall ad-
32 minister the oil and gas valuation depletion trust fund. All amounts cred-
33 ited to the oil and gas valuation depletion trust fund pursuant to the
34 provisions of K.S.A. 79-4227, and amendments thereto, shall be credited
35 to a separate trust account which shall be established within such fund
36 for each county which in fiscal year 2005 or any fiscal year thereafter had
37 \$100,000 or more in receipts of the excise tax upon the severance and
38 production of oil and gas. Each county's trust account shall be credited
39 in the proportion that the amount of oil and gas valuation depletion trust
40 fund receipts collected from that county bears to the total amount of
41 moneys credited to the oil and gas valuation depletion trust fund pursuant
42 to K.S.A. 79-4227, and amendments thereto. Commencing July 1, 2008,
43 and thereafter on an annual basis, such moneys shall remain credited in

1 such account in trust for such county for distributions pursuant to this
2 section.

3 **(b)** For any tax year that the oil and gas leasehold ad valorem valu-
4 ation of any county, which has a trust account established and maintained
5 in the oil and gas valuation depletion trust fund as provided by this sec-
6 tion, is less than 50% of the oil and gas leasehold ad valorem valuation of
7 such county for the second succeeding tax year which commences January
8 1 following the end of the fiscal year in which the county had \$100,000
9 or more in receipts of the excise tax upon the production of oil and gas
10 and the county had a trust account established in the oil and gas valuation
11 depletion trust fund as provided by this section, as certified by the prop-
12 erty valuation division, on or before January 15 of the year following such
13 tax year, the director of taxation shall distribute 20% of the moneys cred-
14 ited to such county's trust account to the county treasurer of such county.
15 In any year in which a county's oil and gas leasehold valuation is 50% or
16 more of the oil and gas leasehold valuation of such county for tax year as
17 described in this subsection, such county shall not receive a distribution
18 of trust moneys pursuant to this section for such tax year. On an annual
19 basis, the director of taxation shall certify to the director of accounts and
20 reports the counties entitled to a distribution pursuant to this section.
21 The director of accounts and reports shall draw warrants on the state
22 treasurer payable to the county treasurer of each county entitled to pay-
23 ment from such county's trust account in the oil and gas valuation deple-
24 tion trust fund upon vouchers approved by the director of taxation.

25 Sec. 3. K.S.A. 2004 Supp. 79-4227 is hereby repealed.

26 Sec. 4. This act shall take effect and be in force from and after its
27 publication in the statute book.